

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101

IN THE MATTER OF:

MUTUAL TRUST COMPANY
OF AMERICA SECURITIES

CRD # 8494

Respondent

**ORDER FOR PENALTY
ASSESSMENT**

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., (hereinafter, the "Law"), and after careful review and due consideration of the facts set forth below, the Bureau Chief has determined that good cause has been shown to assess civil monetary penalties.

BACKGROUND

1. At all times relevant herein, Mutual Trust Company of America Securities ("Mutual Trust"), CRD #8494, a broker-dealer, maintains its main address at 2963 Gulf To Bay Road, Suite 120, Clearwater, FL 33759.
2. On January 27, 2005, Mutual Trust applied for registration as a broker-dealer in New Jersey, in order to affiliate with a registered representative resident in this state, and enable other registered persons to offer or sell securities in or from New Jersey.
3. Mutual Trust hired Kevin White, CRD #2219143 and Bruce Haydu, CRD #1068797 in January 2005 to be registered representatives. Mutual Trust submitted a request for agent registration for both White and Haydu with the Central Registration Depository ("CRD") on

January 27, 2005 and January 28, 2005, respectively.

4. Upon review of Haydu's Form U4, a Bureau Investigator discovered errors, discrepancies and misleading information. Due to these errors, discrepancies and misleading information, the Bureau requested from Mutual Trust the information and manually signed forms that Haydu had completed. Haydu manually completed the Form U4 on January 26, 2005, FAXed it to Mutual Trust on January 27, 2005, and Mutual Trust submitted it to the CRD on January 28, 2005.

5. Among the errors on Haydu's Form U4 that was filed on the CRD by Mutual Trust was that the Form U4 stated that Haydu was working in the Florida office, when in fact he was to work in New Jersey. Also, with regard to Haydu's professional designations, he manually checked the box that he was a Certified Financial Planner. Mutual Trust removed the check mark when posting the Form U4 on the CRD system.

6. In Item 13 of the Form U4, entitled "Other Business," Haydu's outside business activities information was not updated by Mutual Trust, despite the fact that on the original paper form, Haydu updated such information.

7. Based upon the errors and discrepancies on Haydu's Form U4, Bureau Investigators conducted a detailed review of White's Form U4. The Bureau also requested from Mutual Trust the information and manually signed forms that White submitted to them. Consequently, a Bureau Investigator discovered discrepancies with White's previous Form U4 filing.

8. This caused a Bureau Investigator to contact Jed Bandes, ("Bandes"), CRD #722806, the President of Mutual Trust regarding the discrepancies and errors. Bandes informed the Bureau Investigator that White represented that his U4 information had not changed since his previous filing, and White simply signed a blank Form U4. Mutual Trust then filed on the CRD White's

outdated Form U4, without any further investigation or verification that such information was accurate and current.

9. A Bureau Investigator informed Bandes through numerous e-mails and telephone conversations about the importance of accurate filings with the Bureau, as well as the maintenance of proper books and records. The Investigator told Bandes that such information should be immediately corrected. However, Bandes felt that the errors on the Forms U4 of Haydu and White were merely clerical, and he did not acknowledge the importance of proper filings or the maintenance of books and records.

10. Pursuant to NASD Rule 1140(c)(1), member firms shall retain a paper copy of the Form U4, and amendments thereto, including the disclosure reporting pages with the original signatures.

11. On April 13, 2005, Haydu's corrected Form U4 was filed on the CRD by Mutual Trust, and Haydu's registration status is deficient pending the firm's approval by the Bureau to do business in New Jersey.

12. White's application as an agent is pending with the Bureau, as it is deficient for fingerprint processing, as well as pending the firm's approval by the Bureau to do business in New Jersey.

MUTUAL TRUST COMPANY OF AMERICA SECURITIES FILED FALSE AND
MISLEADING DOCUMENTS WITH THE BUREAU WITH RESPECT TO KEVIN WHITE
N.J.S.A. 49:3-54

13. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

14. The conduct by Mutual Trust of accepting White's blank Form U4 without properly verifying the required information requested on the form created a false and misleading

document filed with the Bureau, and therefore a violation of N.J.S.A. 49:3-54.

MUTUAL TRUST COMPANY OF AMERICA SECURITIES FILED FALSE AND
MISLEADING DOCUMENTS WITH THE BUREAU WITH RESPECT TO BRUCE HAYDU
N.J.S.A. 49:3-54

15. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

16. The conduct by Mutual Trust of filing Bruce Haydu's Form U4 without the proper updated information with regard to his separate business activities, without the proper address, and changing his designation as a Certified Financial Planner constitutes a false and misleading filing, and is therefore a violation of N.J.S.A. 49:3-54.

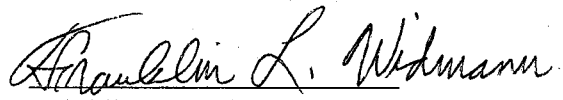
MUTUAL TRUST COMPANY OF AMERICA ENGAGED IN DISHONEST AND
UNETHICAL PRACTICES
N.J.S.A. 49:3-58(a)(2)(vii)

17. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

18. In the matter at hand, although Haydu provided a signed Form U4 with updated information, Mutual Trust failed to properly electronically file Haydu's updated Form U4 on the CRD. The conduct by Mutual Trust of filing a false and misleading Form U4 on behalf of Haydu constitutes a dishonest and unethical practice pursuant to N.J.S.A. 49:3-58(a)(2)(vii), as NASD Rule 1140(c)(1) was violated. NASD Rule 1140(c)(1) provides that every initial and transfer electronic Form U4 filing shall be based on a signed Form U4 provided to the broker-dealer by the applicant. In the matter at hand, although Haydu provided a signed Form U4 with updated information, Mutual Trust failed to properly electronically file his updated Form U4. With regard to White, Mutual Trust failed to obtain a completed and signed Form U4.

CONCLUSION

It is **ORDERED**, that Mutual Trust Company of America Securities is assessed a civil monetary penalty in the amount of \$10,000.00, which shall be paid to the Bureau within thirty (30) days of the execution of this order, pursuant to N.J.S.A. 49:3-70.1, based upon Mutual Trust's violations of N.J.S.A. 49:3-54, N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii).


Franklin L. Widmann
Chief, Bureau of Securities

April 21, 2005
(DATE)

NOTICE OF RIGHT TO HEARING

You are advised that upon service of notice of this Penalty Order issued by the Bureau the Mutual Trust Company of America Securities shall have up to fifteen (15) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the reasons set forth in the Order which formed the basis for its entry. A general denial is unacceptable. Within five (5) business days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney. If an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the fifteen (15) day prescribed period, the Order shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of a Final Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.